

Humanitarian Futures Programme

COMMERCIAL-HUMANITARIAN ENGAGEMENT IN THE HORN OF AFRICA CRISIS: A SCOPING STUDY OF THE RESPONSE IN KENYA AND SOMALIA

Humanitarian Futures Programme,
King's College, London May 2012

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Acknowledgements

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Summary

This scoping study provides a snapshot of the engagement of the commercial sector¹ in the humanitarian response to the Horn of Africa crisis of 2011-2012 through two case studies - Somalia and Kenya. Much has already been written on the systemic failings of humanitarian assistance in relation to the crisis, both in terms of the failure to adequately reduce the risk of and prepare for such recurring crises in the region, and the failure to enact early response in relation to early warning alerts. This scoping study, however, focuses instead on the capacity challenge of responding to a crisis of such enormity and complexity. Specifically, it examines how new forms and models of engagement and collaboration with the commercial sector can help “traditional humanitarian actors” address this capacity challenge.

Rationale and objectives

While there is evidence of increasing involvement by the commercial sector in humanitarian response, there is still a gap in understanding about what is meant by the commercial sector, how commercial engagement in humanitarian action takes place and the exact form, extent and impact of that engagement.² In particular, there is not yet a coherent body of evidence on the engagement of the commercial sector at the national and local levels. With respect to Somalia, there is a gap in understanding on how the diaspora and the national and local Somali business community can best interact with humanitarian actors, and on how this engagement supports as well as constrains effective, principled and accountable humanitarian action in complex, protracted conflict settings. With support from the Vitol Foundation, the Humanitarian Futures Programme, King's College, London undertook the present scoping study to examine the ways commercial actors have supported humanitarian response efforts in the 2011-2012 Horn of Africa crisis and the practical opportunities and limitations of commercial-humanitarian collaboration in operational contexts. The findings presented here are based on a literature review and 25 in-depth interviews with commercial and humanitarian sector representatives based in Kenya and Somalia conducted in London and Nairobi.

Taking the responses in Kenya and Somalia as the focus, the study assessed commercial-humanitarian engagement in relation to four central issues:

1. The distinction between different types of commercial sector actors and their engagement in humanitarian action, including at the international, national and local levels.
2. The types of assistance (i.e. donations, services and core competencies and partnerships) that have been provided by different types of commercial actors in support of humanitarian objectives. This includes a clarification of the motives and entry points for the commercial sector's engagement.
3. How the commercial sector engages with the traditional humanitarian sector in complex crisis contexts, how those patterns and modes of engagement are evolving and the implications this has for the global humanitarian architecture.
4. Ways the commercial sector can further think through and define its future role in humanitarian action.

Patterns and trends of commercial-humanitarian engagement in the Horn of Africa crisis

There was significant divergence between the two case studies. Engagement in Kenya, as illustrated through the Kenyans for Kenya initiative, involved both financial and in-kind support from national and international commercial actors to humanitarian agencies as well as partnership and collaboration between companies and a national humanitarian agency, the Kenya Red Cross Society. Whereas in Somalia, the engagement reported between international humanitarian, primarily UN, agencies and the national and local commercial sector was in the form of contracting-out the provision of the goods and services necessary to maintain the relief operation.

From the cases of Kenya and Somalia, it is possible to observe a number of patterns and trends in the experience of commercial-humanitarian engagement in the Horn of Africa:

- The commercial sector's potential to support humanitarian action in the future in the Horn of Africa is extensive. While both UN and other humanitarian actors have begun to support more systematic initiatives to identify and mobilise these capacities, these mechanisms are still emerging.

- In the Horn of Africa, as elsewhere, both the commercial and humanitarian sectors are heterogeneous groups of actors. Following from this, there are observable differences in the type, scale and dynamics of commercial-humanitarian engagement at the international, national and local levels.
- The interaction of varied types and sectors of commercial activity with humanitarian agencies opens up the possibility of matching a growing set of business skills with humanitarian needs.
- The politicisation of the relief operation in the Horn of Africa has tended to fragment the efforts of the commercial sector and can constrain commercial-humanitarian engagement.
- The dynamics of transparency, accountability and publicity are important factors in mediating the relationship between commercial and humanitarian actors. Mechanisms for establishing responsibility and reducing reputational risk are necessary for effective collaboration.

Pathways for future engagement

The patterns and trends outlined in this study highlight the immense potential for commercial actors to contribute to humanitarian crisis response, but also the challenges that need to be overcome in order for commercial-humanitarian engagement to be effective and ‘do no harm’, particularly in conflict-affected situations. The creativity and innovation demonstrated by organisations in the Kenyan commercial sector point to the need to learn from, sustain and further develop new methods for matching corporate resources and expertise to humanitarian needs. As the case of Somalia illustrates, instead of relying on established models of collaboration, both sets of actors can benefit from exploring new modes of engagement that can increase the effectiveness of humanitarian action and contribute to longer-term private sector development and peace-building objectives. The following recommendations present a number of actions that are needed to foster improved collaboration in future humanitarian interventions.

For donors and the United Nations system:

- Create a more coherent body of knowledge on commercial capacity and engagement for contemporary humanitarian crises in the region.
- For Kenya, map national and regional intermediary mechanisms that facilitate commercial sector engagement in humanitarian action.
- For Somalia, support emerging and new modes of engagement between commercial and humanitarian actors.

For commercial and humanitarian actors:

- Commercial and humanitarian actors working in one-to-one partnerships need to review how they can expand the timing of their joint engagement to go beyond response.
- Undertake further research towards establishing common mechanisms for impact monitoring and accountability.

Acronyms and abbreviations

BCLC	Business Civic Leadership Centre
CSR	Corporate Social Responsibility
DFID	Department for International Development, UK
GDCC	Gina Din Corporate Communication
HERR	Humanitarian Emergency Response Review
HFP	Humanitarian Futures Programme
ICT	Information and Communication Technology
ILO	International Labour Organisation
FAO	Food and Agriculture Organisation of the United Nations
IASC	Inter-Agency Standing Committee
ICPAK	Institute of Certified Public Accountants of Kenya
K4K	Kenyans for Kenya
KCB	Kenya Commercial Bank
KRCS	Kenya Red Cross Society
Ksh	Kenyan shillings
MOA	Media Owners Association
NGOs	Non-Governmental Organisations
SIMAD	Somali Institute of Management and Administration
SMEs	Small and Medium Enterprises
SOSCENSA	Somalia South-Central Non-State Actors
TFG	Transitional Federal Government of Somalia
UN	United Nations
UNCT	UN Country Team
UNDP	United Nations Development Programme
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
USD	United States Dollars
WFP	United Nations World Food Programme



Introduction

The Horn of Africa crisis in context

In 2011 the Horn of Africa once again plunged into deep crisis. Since 2010 there were strong indications that the region was heading towards a severe drought. Unfortunately, as many feared would happen, the lack of rains combined with high food prices and armed conflict in the region resulted in millions of people facing famine. The United Nations (UN) estimates that over 12 million people have been affected in Somalia, Kenya, Ethiopia and Djibouti.³

In Somalia, four million people - or around 40 per cent of the country's population - have been affected by the crisis.⁴ The humanitarian response in Somalia has been rendered even more challenging by the lack of a functional national government and armed conflict in the country. In Kenya, the nearly 3.8 million people living in the poorest regions of the country have been hit hardest by the drought.⁵ Furthermore, the crisis also has a significant regional dimension, with drought-affected regions of Kenya having to cope with the additional burden of refugees and displaced communities fleeing neighbouring Somalia.

While successive seasons of low rainfall have contributed to the scale of the crisis, drought conditions developed into a humanitarian disaster due more to social constraints and policy failures to adequately anticipate, prepare for and respond to the recurring threat of drought in the region in a timely manner than to a lack of resources.⁶ Repeated calls for improved risk management, for long-term and sustainable solutions to reduce human vulnerability and to address the root causes of humanitarian crises have not resulted in adequate action.

Combined with political conflict, the intensity and frequency of the cycle of complex crises that afflicts the region is increasing over time. The humanitarian system's capacity to better anticipate and respond is vital to alleviate current and future crises arising out of the particular conflict and disaster context in the Horn. Much has already been written on the systemic failings of humanitarian assistance in relation to the 2011 Horn of Africa crisis, with deficits highlighted in relation to responding to early warning indicators and adjusting existing long-term programming to include more emphasis on preparedness planning, early response and managing risk in the face of recurring crises.⁷ This scoping study, however, focuses instead on the capacity challenge of responding to a crisis of such enormity and complexity. Specifically, it examines how new forms and models of engagement and collaboration with the commercial sector can help "traditional humanitarian actors" address this increasing capacity challenge.

Rationale and focus of the scoping study

The potential role of the commercial sector in helping to address humanitarian needs in the Horn of Africa was demonstrated in the 2007-2008 post-election violence in Kenya. Further, this theme has been well documented in the findings of the 2011 Humanitarian Emergency Response Review (HERR) commissioned by the UK Department for International Development (DFID) as well as two reports of the Humanitarian Futures Programme (HFP), King's College, London, 1) on commercial-humanitarian engagement and 2) on Somali Futures.⁸ These and other analyses underscore the increasingly recognised importance of the commercial sector in humanitarian action.

On the part of the commercial sector, there is evidence of a growing involvement in humanitarian action that goes far beyond philanthropy in the form of cash and in-kind donations. Further, on the part of traditional humanitarian actors (bilateral and multilateral agencies, international non-governmental organisations (NGOs) and the Red Cross / Red Crescent Movement), there is an increasing recognition of the commercial sector's role and contribution, beyond philanthropy. Yet there is still a gap in understanding about what is meant by the commercial sector, particularly at the national and local levels and a paucity of documentation on its modes of engagement in humanitarian action, including for preparedness, response, recovery and risk reduction.

HFP conducted this scoping study on the Horn of Africa crisis to examine and document examples of such engagement in order to better understand the practical dynamics and constraints facing commercial-humanitarian engagement in contemporary crisis settings. Taking the responses in Kenya and Somalia as the focus, the study assessed commercial-humanitarian engagement in relation to four central issues:

1. The distinction between different types of commercial sector actors and their engagement in humanitarian action, including at the international, national and local levels.
2. The types of assistance (i.e. donations, services and core competencies and partnerships) that have been provided by different types of commercial actors in support of humanitarian objectives. This includes a clarification of the motives and entry points for the commercial sector's engagement.
3. How the commercial sector engages with the traditional humanitarian sector in complex crisis contexts, how those patterns and modes of engagement are evolving and the implications this has for the global humanitarian architecture.
4. Ways the commercial sector can further think through and define its future role in humanitarian action.

Scoping methodology

The study involved a literature review, augmented by 25 in-depth interviews with commercial and humanitarian sector representatives based in Kenya and Somalia. The interviews were conducted in London and Nairobi by HFP during October–November 2011, with in-country logistical support provided by RedR Nairobi.

The interviews targeted corporate social responsibility (CSR) departments and foundations of commercial organisations with an active interest in drought response in Kenya and Somalia, as well as key agencies in the humanitarian sector with active operations in the Horn of Africa.

Participation in the study was by invitation and voluntary. The commercial sector representatives included a mix of local, national and international businesses from the banking, telecommunications, money transfer, trading, logistics, auditing and management consultancy, public relations and media sectors. These respondents included individuals with active roles in representing, directly managing or facilitating their organisation or business's involvement in humanitarian action. The representatives of humanitarian organisations were senior personnel from international NGOs, the Kenya Red Cross Society, United Nations agencies, networks and membership organisations.

Structure of the report

This report is intended to provide a starting point for further dialogue and more comprehensive investigation into the practical modalities of commercial engagement in humanitarian response, with a view to strengthen and integrate the role and contribution that the commercial sector can make to improved humanitarian action, before, during and after a crisis occurs.

Section 2 - Commercial-humanitarian engagement in the Horn of Africa crisis provides a snapshot of engagement by commercial sector actors in the response to the crisis in Kenya and Somalia. The two case examples are illustrative of the different types of commercial actors and the types of motives, opportunities and limitations that humanitarian agencies and commercial actors face in collaborating in complex crisis settings.

Section 3 - Preliminary findings: patterns and trends of engagement assesses the forms of intervention outlined in Section one in the two case studies. It examines some of the critical issues that emerged with respect to commercial-humanitarian engagement and also considers the broader institutional and governance conditions that mediate collaboration between commercial actors and humanitarian organisations.

Section 4 - Pathways for future engagement highlights the role and scope for further contributions by commercial actors in humanitarian operations. It proposes an agenda for action for the commercial sector and humanitarian organisations that may be used to construct a more informed and systematic approach to future collaboration.

Commercial-humanitarian engagement in the Horn of Arica crisis

Commercial-humanitarian engagement: current patterns and trends

HFP distinguishes between four kinds of engagement by commercial actors in disaster or conflict-affected situations:⁹

1. Financial support or in-kind donations of goods to humanitarian agencies.
2. Partnership and collaboration with humanitarian agencies, for example, based on provision of technical support services (such as logistics and information and communication technology (ICT)).
3. Direct commercial engagement within the sphere of humanitarian response, crisis prevention or reconstruction (as contractors or otherwise).
4. Direct commercial engagement outside the international humanitarian sphere, i.e. for-profit business ventures and diaspora assistance in disaster or conflict-affected situations.

With respect to these four forms of engagement, the response to the 2007-2008 post-election violence in Kenya provides some useful examples of how the commercial sector can work as a partner with humanitarian organisations and operate as a humanitarian actor in its own right. Two specific examples are 1) KPMG's response to an appeal by the Red Cross, by mobilising some 400 of its staff to assist with the delivery of relief supplies,¹⁰ and 2) the Safaricom Foundation, adapting its mobile phone technology to allow citizens to contribute funds through their mobile phones to a fundraising campaign by the Kenya Red Cross.¹¹ One of the lessons drawn from this engagement was the need for commercial-humanitarian partnerships to be in place before something happens: "Please don't turn up only when you want money, because the answer will be 'no'. You need to develop long-term partnerships."¹²

With respect to the 2011 Horn of Africa crisis, the study finds that commercial actors continue to demonstrate a preference for providing financial support and in-kind donations, which is considered a more tried-and-tested and convenient mode of assistance.¹³ The Business Civic Leadership Center's (BCLC) Corporate Aid Tracker, 2011, provides a comprehensive listing of both financial and in-kind donations well in excess of USD 6.5 million.¹⁴

This study and the discussion that follows focuses principally on the second and third modalities of engagement described above. *Engagement in Kenya*, as illustrated through the Kenyans for Kenya initiative, involved both financial and in-kind support to humanitarian agencies as well as partnership and collaboration between national level companies and a humanitarian agency, the Kenya Red Cross Society.

Engagement in Somalia, however, presents a different situation due to the political context as well as the dispersed and decentralised nature of the Somali business community, including those who are living abroad.¹⁵ The case study focused on the engagement between humanitarian, primarily UN, agencies and the commercial sector which was primarily in the form of contracting-out the procurement and the provision of goods and services necessary to maintain the large scale relief operation. However, recent modes of commercial-humanitarian engagement both within and outside Somalia, including the United Nations Development Programme (UNDP) Private Sector Initiative and the meetings between UN and commercial actors in Dubai, are presenting opportunities to harness the resilience of the commercial sector in supporting relief, recovery, peace and development efforts within the country.

It is important to highlight here the divergence between the two cases presented. However, both case studies outline important examples of new forms and models of commercial-humanitarian engagement and collaboration. These examples provide potential means of addressing future capacity challenges that the global humanitarian system is likely to face in light of the increasing frequency, intensity and complexity of humanitarian crises.

The case of Kenya

Kenya has a formal and well-regulated commercial sector with an active presence of national businesses as well as national offices of multinational entities. A strong culture of CSR exists within the commercial sector, and many large firms have set up charitable foundations and CSR departments with sizable budgets as part of their operations at the national level. Over the years, the almost cyclical occurrence of disasters in the country has resulted in varying levels of engagement by commercial actors in disaster response and rehabilitation. While this assistance has traditionally taken the form of philanthropy,¹⁶ their engagement in the Horn of Africa crisis response is consistent with an emerging trend of the commercial sector engaging as a partner with humanitarian agencies. The response to the crisis in the Horn presented here is particularly important in that it demonstrates how the national and local commercial sector can work as a cooperative set of actors engaging with the humanitarian sector, rather than as a set of actors working either in isolation or in competition with each other.

The problem and the response

At the national level, the Kenya Red Cross Society (KRCS) has emerged as one of the leading humanitarian focal points for commercial-humanitarian collaboration. This is in part due to the high visibility and effective response led by the KRCS during the post-election violence of 2007-2008, which won the organisation national acclaim for efficiency and neutrality. A restructuring of the KRCS management model under the current Secretary General Abbas Gullet has led to a reorientation of the organisation towards greater cooperation

with corporate partners. Although legally classified as a parastatal entity with financial support from the government, the KRCS recognises the potential advantages of engaging corporate actors for crisis response and has, over time, established strong ties with several leading national companies such as Safaricom and Kenya Commercial Bank (KCB). The organisation regularly solicits financial and in-kind assistance from their CSR departments and foundations for its relief projects.

Commercial sector involvement in the 2011 crisis response in Kenya was initially slow but soon picked up pace, growing into a dynamic and highly successful initiative. In January 2011, the KRCS issued an 'early warning-early response' call for assistance towards drought relief efforts but received weak response from both the commercial sector and the public. Safaricom, the leading telecommunications provider in Kenya, was one of the first commercial sector organisations to respond to the Red Cross' call in February 2011. Initially it provided assistance with the rehabilitation of boreholes, but soon realised the inefficacy of such limited action in the face of such a large scale crisis.

Drawing on its successful experience in responding to the 2007-2008 post-election violence, the Safaricom Foundation utilised its M-Pesa mobile money transfer service as a tool for raising funds for the earlier drought relief call issued by the KRCS. Based on the assumption that each of the existing 14 million M-Pesa customers would contribute an average of 10 Kenyan shillings (Ksh) to the fund, Safaricom set a fundraising target of Ksh 140 million for the initiative. The minimum payment transfer amount allowed by M-Pesa was Ksh 50 at the time. In order to permit transactions as low as Ksh 10, Safaricom had to restructure its money transfer systems and procedures.

The processing of such large amounts of money required banking facilities and expertise, and the CEO of Safaricom approached KCB, the official bank for Safaricom Corporation, for the *pro bono* handling of all financial services required for the fundraising initiative. KCB, which has the largest banking network in East Africa, agreed to be a part of the initiative, with the additional concession of offering to set up collection boxes in each of its branches in Kenya. With support from the CEOs of both organisations, the two companies then brought on board the national Media Owners Association (MOA) and a public relations company to form a steering committee for the initiative. Supported by sustained media coverage on the worsening drought conditions in the north of Kenya, the fundraising initiative, dubbed 'Kenyans for Kenya' (K4K), was launched in July 2011, a month after the government officially declared a drought disaster in the country.

Figure 1: Waving off KRCS assistance deliveries every Saturday



Source: Safaricom Foundation.

The initial aim of the K4K fundraising campaign was to raise Ksh 500 million for Kenya Red Cross' relief effort in four weeks, though this target was far exceeded. Guided by a steering committee comprised of representatives from Safaricom Limited, Kenya Red Cross Society, Kenya Commercial Bank Limited, Gina Din Corporate Communication and media houses, the initiative raised over Ksh 7.5 billion (approximately USD 8.5 million) in cash and received donations in-kind totalling Ksh 278 million. Interviewees noted that the initiative received tremendous support from the Kenyan public, both individuals and families, as well as corporations and Small and Medium Enterprises (SMEs) in Kenya. It became a unique example of a humanitarian campaign in Kenya being audited end-to-end. The money raised from the initiative was used to supply food supplements to lactating mothers and children in drought-affected areas in Kenya, with a portion of funds reserved for longer-term projects aimed at reducing the vulnerability of communities in drought-prone areas.

Although its objective was the collection of funds, the initiative mobilised numerous business organisations to offer their services, staff and expertise free of charge to the initiative. According to a Safaricom representative, the initiative was entirely self-sustaining on a financial level and apart from staff time, the organising committee never spent money on any of the activities conducted under the initiative itself.

The initiative targeted ordinary Kenyan citizens, but through the organisation of 'giving days' for corporations and Small and Medium Enterprises (SMEs)', its biggest donations were provided by commercial groups and actors. The online money collection allowed organisers to provide half-hourly updates on the total amount collected, which were then publicised through media outlets and online social networks to the public. The instant transmission of information generated a sense of transparency and accountability, resulting in tremendous public support. Celebrities and artists also came out in support of K4K and recorded an anthem for the initiative. Concerts

were organised and official T-shirts distributed, both free of charge, to raise money for the campaign. At its peak, the initiative raised one million shillings an hour and recorded up to 13 M-Pesa transactions per second. In the end, it raised a total of Ksh 7.56 billion in less than a month.

The commercial sector organisations that formed the core of the response and provided operational support to the initiative itself are important in understanding the way that the commercial sector can combine its resources and expertise to make a significant contribution to responding to a humanitarian crisis. One such set of business actors was the coalition of auditing companies that provided accounting and auditing services to the campaign. Spearheaded by ICPAK (Institute of Certified Public Accountants of Kenya), four major auditing companies – Deloitte, KPMG, Ernst and Young and PricewaterhouseCoopers – audited K4K free of charge. This included the contribution of professional time and expertise and meeting the cost of staff disbursements for accommodation and transport (including chartered flights to distribution sites) and staff donated goods and services. No financial contributions were made due to potential conflict of interest in the auditing process. All four auditing companies divided up tasks and financial costs at the start of the project, with clear lines of responsibility and accountability.

The involvement of media groups under the umbrella of the MOA and Gina Din Corporate Communication (GDCC), a public relations company, was also a strategically vital aspect of the campaign. It resulted in a high level of publicity for the initiative and led to maximum exposure for the partners involved.

Commercial sector's motives for engagement

A diverse set of motives and drivers for the commercial sector's engagement were identified. Many had multiple motives that affected their decision-making about how to engage, on what scale and for how long. These included the following:

Centrality of the crisis challenge to corporate business values

The overarching motive related to the link between the cause/initiative and the organisation's pre-defined list of foundation or CSR priorities, or to the organisation's drive to be a good corporate citizen that views being a socially responsible business as core to its mission, prompting the need to act on behalf of their clients and the country in general.

Figure 2: K4K corporate pledge day



Source: Safaricom Foundation.

Recognition that the scale and the urgency of the challenge could not be met by one individual actor or through a one-to-one partnership

The initial decision to collaborate with and bring in other commercial sector actors emerged from Safaricom's realisation that the situation warranted greater and more sustained response than could be provided by a single organisation. This later expanded to include over 100 business entities as a result of networking and lobbying by KRCS and Safaricom, which was facilitated by the fact that the entities had local presence and extensive connections. The leadership provided by the key actors allowed the challenge to be endorsed by and taken up by a broad multi-stakeholder coalition. Depending on the organisation's role in the initiative, the engagement involved various departments and actors at different levels in the organisation, including CSR departments, public relations and other professionals including auditing and senior management. Last stage interventions resulted from recognition of K4K as a successful and high profile initiative that offered open and transparent mechanisms for collaboration:

'Humanitarian crises are too big to work on alone.'
(Commercial respondent)

Focus on results and impact measurement

There was general consensus among all commercial sector actors and the Kenya Red Cross over the success of the K4K initiative and the ease of partnership and collaborative engagement. This was largely attributed to a shared corporate culture of productive efficiency and accountability. Respondents talked about the ease with which planning and implementation strategies were put into practice in a collaborative environment simply because of a shared work ethic and culture. Scheduled work was completed within the prescribed deadline periods even though there were a large number of partners contributing to each action.

'The lady in charge of corporate relations in Kenya Red Cross was also from a CSR background. So among the entire lot of organisers, there wasn't a single person who didn't understand our shared corporate goals or our expectations as a team.'

(Commercial respondent)

Employee engagement and ownership

A leading explanation provided for commercial engagement in the crisis response was the sense of organisational responsibility which, in turn, provided an opportunity for employees to engage around an issue with which they had a strong connection, especially amongst the national Kenyan staff working in multinational corporations. Some respondents linked this to a revived feeling of national pride and an indication of movement towards independence from the dominance of international aid and assistance:

'Kenya is an agriculturally productive country with vast natural resources. It is shameful and wrong for us to be suffering from a drought crisis when we export food and things like flowers. We need to show ourselves and the world that Kenyans are capable of taking care of other Kenyans.'

(Commercial respondent)

Further, this supported a wider ownership and diffusion of the initiative within the organisations that went well beyond the involvement of the leadership and the focal point departments or units, thus helping to diffuse the benefits of the initiative, including the collaborative element.

Enhanced commercial reputation

Since all the commercial sector actors have a national presence, the opportunity for positive publicity was also a driving force behind participation. Most commercial organisations interviewed employ agencies to develop a media perception index for their organisation. Using survey reports on public perception and tracking media coverage these agencies present weekly reports on brand health for their clients. During the campaign, the generation of positive publicity for the businesses involved in the humanitarian effort exceeded prior records and raised local company profiles. The role of the public relations company GDCC was vital in terms of monitoring publicity for all contributing commercial sector actors, as well as dividing up media time and coverage in a manner that ensured fairness and equality in credit-taking and market exposure.

The opportunity to increase market share also propelled some organisations into action. For example, although Safaricom provided free use of M-Pesa, as a result of the campaign its mobile money transfer service multiplied the number of users registered on its network. Similarly, Nakkumat, a chain of supermarkets, allowed customers to make donations at its tills for K4K. Their sales are reported to have increased during this period. Preservation of markets was also an impetus for action. According to one respondent:

'Our clients are our source of business. If they can't feed themselves or earn a living, they can't bank with us. Helping in relief and recovery efforts is ultimately safeguarding our own business interests.'

(Commercial respondent)

The opportunities and limitations of commercial-humanitarian engagement in crisis contexts

Engagement drivers

There is an observable distinction between the form and extent of engagement undertaken by Safaricom and the other national level commercial organisations that participated in the K4K initiative. As a result of Safaricom's longstanding relationship with the KRCS, it became aware of the drought risk and impending crisis at a much earlier stage than other commercial sector entities. The time between risk awareness and disaster onset, as well as its long-standing relationship with KRCS, allowed Safaricom to react to the approaching crisis in a more organised and creative manner. The group of organisations contacted by Safaricom to assist in its fundraising initiative, which went on to form the core group of businesses supporting K4K, were alerted to the possibility of drought crisis by Safaricom and took action a few months before the crisis was officially declared. In part, this was also a result of the strategy to bring in the mainstream media whose efforts served to call attention to the enormity of the crisis.

The differing pathways and timescales for engagement highlight important aspects of commercial intervention in humanitarian crises. First, they demonstrate the importance of having relationships with humanitarian agencies in place prior to an event and of having a shared recognition of the value of early action. Second, they reveal the important role that media and public outreach can play in public awareness raising and mobilising participation. Third, Safaricom's senior management was instrumental in leveraging and influencing other commercial sector actors through their existing relationships and business association networks – a benefit of localised commercial engagement in humanitarian action.

Also of significance was the interest and ability of the steering committee and the four accounting firms to align their motives and resources in a way that resulted in the "right fit". Respondents noted that the partnership developed in a way that allowed for individual organisational contributions to be supplemented by other commercial sector expertise thereby ensuring that the right mix of expertise, resources and competencies could be harnessed to achieve the shared objective. Shared corporate cultures also helped to make cooperation between the commercial actors easier and faster to mobilise due to factors such as shared terminology, trust and pre-existing relationships, the shared value of accountability and common timeframes for action.

The partnership between the corporations was regulated to ensure fairness and complementarity of services. The corporations, following advice from their public relations departments, agreed upon the division of roles and responsibilities and arrived at an understanding over publicity and the use of official logos beforehand. These publicity sharing agreements were monitored by the public relations company GDCC, and all financial transactions were analysed by the auditing companies to provide complete transparency in the collaboration. More broadly, this helped to generate interest and trust on the part of the public illustrating that the commercial sector is financially competent and transparent in its dealings. The reputation of the KRCS as a leading humanitarian actor in the country lent moral as well as financial credibility to the campaign.

Engagement challenges

The K4K initiative was widely supported by multinational corporations that have a national presence in Kenya, as well as national and local businesses. At the same time, many multinational corporations with established reputations for supporting humanitarian assistance appeared to stay away from this national level campaign. For example, The Coca-Cola Company and Microsoft displayed a preference for donating to or engaging with international level humanitarian actors and initiatives. A respondent from the United Nations World Food Programme (WFP) confirmed that most of their private funding came from global commercial sector actors, with no funding generated from private donors at the national or local levels. Google was an exception to this rule, promising USD 1 million to the K4K initiative. However, it later retracted its offer and reduced the amount it paid in to the campaign because it was not satisfied with all funding going to only one humanitarian partner.

Partnering between national level commercial actors belonging to the same sector also posed certain challenges. For example, several banks offered their services and facilities for fundraising activities. However, the organising committee decided to maintain KCB as the only official bank for the initiative in order to keep processes simple and easily auditable. As a result, Barclays Bank had to use KCB banking services for its financial contributions. Other examples of conflict over competing services and products include efforts by a rival telecommunications company to advertise its mobile money transfer service as an official channel for K4K donations. However, the company was requested to remove the K4K logo from its site and it continued to campaign for funds independently. This instance illustrates the competition over market share that resulted from the success of the corporations leading the initiative and highlights one of the potential limitations of collaboration between commercial actors.

Although the initiative was audited from collection, to purchase of relief supplies, through to delivery, problems later emerged with the Unimix food supplement being distributed by the KRCS in the drought-affected areas. A large portion of supplement supplies appeared to be contaminated, resulting in

a national scandal that led to the government taking action against KRCS. Such failures, although not directly attributed to the K4K initiative, highlight the need to have clear terms and expectations of roles and accountability procedures, as well as the need to anticipate the type of negative publicity that these failures may cause for collaborating partners, both commercial actors and their humanitarian counterparts.

The lack of government engagement in the initiative was perceived to allow for the rapid mobilisation of personnel and funds and to contribute to effective and timely disbursement of funds and expertise. However, this lack of government engagement had the potential to create its own challenges, for example through the risk of the government seeking to control or stop the initiative. A final challenge related to the lack of engagement with other local level humanitarian actors who, as a result, displayed a degree of hostility towards the KRCS, accusing it of monopolising funds and publicity.

The case of Somalia

Somalia offers an interesting context for observing commercial-humanitarian engagement in a conflict-affected situation experiencing protracted state collapse. Somalia contains both south-central Somalia and Somaliland which exhibit very different political, security and humanitarian/development contexts. South-central Somalia is beset by conflict and consists of a vacuum of formal governance structures, including a lack of state regulation and taxation of commercial activity, while Somaliland has experienced relative stability in recent years.¹⁷ Although the Transitional Federal Government (TFG) is the internationally recognised government of Somalia, no central government has been able to establish control over the entire territory of the country since the outbreak of civil war in 1991. However, despite the continuing crisis of governance, internal conflict and radical Islamic militancy - spearheaded by al-Shabaab - over the years Somalia has steadily developed an informal but remarkably resilient commercial sector, comprised of local, national and international actors and entities, including the Somali diaspora.

Figure 3: Somalia reference map



Source: OCHA Somalia.



Unhindered by government bureaucracy and aided by clan loyalties, the sectors of livestock, trade, money transfer services, transportation, communications, airlines, telecommunications, education, health, construction, and fisheries have all persisted in spite of, and in some instances because of, the conflict. Thus despite the fragility, weak formal governance and lack of regulatory authority brought about by over two decades of conflict, several observers argued that Somalia has not witnessed diminishing commercial activity since the outbreak of civil war – although it is clear that commercial activity has been transformed and is increasingly informal.

This case study seeks to examine the implications, opportunities and challenges of humanitarian actors engaging with the commercial sector in a conflict-affected situation where the diaspora and local business community have significant roles and recognition. Specifically, the case study seeks to address whether commercial-humanitarian engagement in conflict-affected situations is simply about local contractors providing for the operational needs of international aid agencies. Or whether there are new forms of engagement that can be considered that support a role for local, national and diaspora commercial actors in fostering relief, recovery, peace and development.

The international aid – Somali business relationship

One way to understand the complex relationship between the international aid community and the Somali business community is in terms of the four forms of engagement by commercial actors in disaster or conflict-affected situations outlined in section two. In this scoping study, we did not encounter any private sector *financial support or in-kind donations of goods to humanitarian agencies*.

Partnership and collaboration with humanitarian agencies and direct commercial engagement within the sphere of humanitarian response in Somalia predominantly come in the form of Somali businesses acting as contractors for UN agencies and international NGOs. The presence of UN agencies and international NGOs in Somalia since the onset of civil war in 1991 has resulted in the development of some well-established relationships between international humanitarian actors and the Somali business community. This has involved Somali businesses meeting the operational needs for goods and services of humanitarian agencies operating in the country in the form of the procurement of goods and supplies, logistics, transport, communications and private security services. This mode of direct commercial engagement between the Somali business sector and UN agencies was the most common mode of interaction found in this study. It also reflects the finding of the Inter-agency Standing Committee (IASC) evaluation of the humanitarian response in south-central Somalia between 2005 and 2010, which notes that despite some attempts, the commercial sector and the diaspora were not sufficiently engaged by humanitarian agencies in coordinating relief efforts.¹⁸

Figure 4: Non-Food Items airlifted into Mogadishu, Somalia



Source: UNHCR, August 2011.

Of note is the lack of engagement of multinational firms in providing support to humanitarian efforts within the country. Even in the semi-autonomous north-eastern region of Somalia, Puntland, with its potential oil reserves, non-Somali investors are uncommon, save a couple of Western firms investing in oil exploration and Saudi Arabian businessmen investing in the livestock sector. It appears that the seemingly intractable nature of the conflict remains a deterrent here.¹⁹ What remains to be seen, however, is whether this pattern of engagement will start to shift with the onset of oil drilling by a Canadian firm in Puntland, as well as calls for foreign investment in the self-declared yet internationally unrecognised state of Somaliland, which has experienced relative stability in recent years.²⁰

In the absence of formalised political and economic institutions in large parts of the country, the international humanitarian community has come to rely on Somali businesses for the delivery of goods and services to support its operations. For accessibility purposes, the Somalia case study focused principally on the 24 UN agencies with active programmes in Somalia. Somali businesses are engaged either as implementing partners for UN projects or carry out works contracts for these agencies. On behalf of the Somali business community, there was recognition of the important role played by the formal and informal commercial sector in facilitating the delivery of aid in Somalia in the absence of a functioning government and an effective security apparatus.

Although the sensitive nature of collaboration between Somali business and humanitarian agencies makes information on specific contract agreements difficult to obtain, overall the number of contracts has increased to reflect the growing level of international humanitarian engagement in Somalia since the onset of the drought crisis in 2011. Several aid organisations have moved towards cash transfers as the preferred method of aid disbursement, particularly in areas where humanitarian access to famine-affected communities has been restricted. The

strength of the Somali money transfer industry, *hawala*, an efficient and trusted system with low commission rates, has facilitated the direct delivery of funds to affected populations in Somalia in this way. However, mechanisms to introduce accountability and transparency in transfer procedures are essential for preventing diversions of cash and avoiding accounting irregularities.

While commercial-humanitarian engagement within Somalia has been overwhelmingly restricted to the contracting out of goods and services to support operations, outside the country the UN has held regular meetings with the Somali commercial sector in Dubai that provide an important example of a new and more systematic form of engagement. The UN, represented by the UN Resident and Humanitarian Coordinator, the Food and Agriculture Organisation of the United Nations (FAO) and the WFP have held 'semi-formal engagements' with commercial actors in which the parties would share market information that would point to possible business opportunities for the latter and, from the UN's perspective, would identify priority areas in south-central Somalia in need outside Mogadishu, for example in the Shebelle and Juba valley areas. The businessmen would then work through their retailers to get goods into agreed areas. The Dubai meetings represent an interesting new mode of commercial-humanitarian engagement in Somalia that is indicative of a move beyond the use of Somali businesses merely as contractors to support the aid effort within the country.

There is also a plethora of *direct commercial engagements in both assistance and commercial activity* in Somalia. It is clear from a recent study commissioned by the UNDP that commercial actors within the diaspora are significantly involved in supporting relief and development in Somalia.²¹ Private remittances alone are estimated at USD 1.3 – 2 billion a year²² - although it is important to note that the global recession has impacted heavily on remittances, which were estimated to be down by as much as 25 per cent in 2009.²³ The key commercial actors who support relief and development in Somalia are professional associations who provide technical support to NGOs and providers of basic services and private investors who contribute to relief.²⁴ Cash contributions by the diaspora and payments delivered through religious charity mechanisms were critical in helping alleviate the impact of the drought crisis. The money transfer company Dahabshill, which is closely linked to the diaspora, has engaged in public giving consistent with the CSR approach of many Western firms, although this giving draws more on the Islamic *zakat* principle than a conception of corporate responsibility. In response to the 2011 crisis, the company provided around USD 150,000 for drought relief in Somaliland.

However, this engagement in humanitarian relief through the provision of financial support and in-kind donations of goods and services has been limited by fears of accusations that fundraising is, directly or indirectly, supporting *al-Shabaab*.

The engagement is also unsystematic, with requests for funds dealt with on an ad-hoc basis. Therefore it has been suggested that UNDP should facilitate a workshop or training event that could bring Somali businesses together with CSR departments of Western and Islamic corporations in order to facilitate more systematic and effective engagement in relief and development on the part of Somali companies.²⁵

However, the profit motive was acknowledged by commercial respondents as the central principle for all commercial activity in the country:

'No matter where in Somalia, if there is demand, there will soon enough be supply. This is the main reason why we are so resilient. But we are primarily a nation of traders. Profit is the reason we do business.'

(Commercial respondent)

Further, it was noted by one humanitarian respondent that during the period of the 2011 crisis when prices were rising in the areas of the south solely dependent on agriculture along the valleys of the Shabelle and Juba rivers, the commercial sector was maximising its profits in the face of an oncoming humanitarian crisis. It was suggested that *al-Shabaab* may have been working to keep the support of small traders by preventing humanitarian access and the distribution of food aid to ensure that prices did not fall in local markets. In that sense, it was noted that local traders were deeply suspicious as well as deeply resentful of the humanitarian sector.²⁶ This is perhaps unsurprising given that Somalia is a market economy, not a subsistence economy, and thus assets provided free of charge have in the past often hindered the development of local markets and the private sector. Therefore in 2011, when the WFP started forming consortia of contractors for food delivery, the smaller traders became very anxious as they were concerned that this move would drive them out of business. Moreover, the 2011 report of the UN Monitoring Group on Somalia and Eritrea notes that, '[g]iven the corrupt and predatory practices of the Transitional Federal Government, many Somali businessmen find *al-Shabaab* to be better for business, and from a purely commercial perspective have little interest in seeing the group displaced by the Government.'²⁷

While it is not the mandate of humanitarian agencies to engage in private sector development, multi-mandate and development agencies face the challenge of how to enable commercial actors to move away from such short-term investments that exacerbate cyclical humanitarian crises, towards longer-term investments that can contribute to recovery, peace and development. The London Conference on Somalia in February 2012 agreed that, 'Somalia's long-term reconstruction and economic development depended on a vibrant private sector'.²⁸ Therefore, here donors may consider prioritising projects that deliver business training, cooperate with entrepreneurs in improving infrastructure and look for more effective ways to draw on the business acumen of the diaspora.²⁹ UNDP is already implementing a programme of Private Sector Development Initiatives running through 2015

which seeks to encourage the emergence of a viable formal private sector in Somalia, which can also contribute to conflict de-escalation, through a range of initiatives with business councils, entrepreneurs, the financial and microfinance sectors and the livestock and meat export sectors.

The opportunities and limitations of commercial-humanitarian engagement in conflict-affected crises

The informal and unregulated nature of Somali business raises challenges for humanitarian organisations that are reliant on commercial sector contractors. Financial contributions to humanitarian agencies, be they from institutional donors or private foundations, are often contingent on establishing chains of accountability and transparency in humanitarian operations. In the case of Somalia, this is especially important since the presence of *al-Shabaab*, and the associated sanctions regime in Somalia, necessitates an inquiry into potential conflicts of interest with Somali businesses that fund or support such militant groups.³⁰ In south-central Somalia, funding declined by half between 2008 and 2011 as a result of a drop in US contributions and agencies being asked to support extensive risk-mitigation measures.³¹ Further, in 2010, there was also significant controversy surrounding the role of three contractors of the WFP, who were accused by the UN Monitoring Group on Eritrea and Somalia of diverting food aid – a claim WFP denied.³²

As a measure towards safeguarding against reputational risk and introducing a more systematic and rigorous element of accountability in dealings with the Somali commercial sector, the UN Country Team (UNCT), in Somalia has established a Risk Management Unit, which is intended to develop a core database covering every contract that the UN and its agencies have with Somali commercial actors. This database seeks to include the performance and security assessments of Somali private enterprises, including information on personnel and political and economic affiliations. It can also show whether there are potential overlaps, and thus possible conflicts of interest, between contractors and private or public partners. Such a reputational risk management process can also be a good way to get and pass on contextual information that would be of use to the humanitarian sector. In recent years it has become common for Somali businessmen to become intermediaries, and in many instances funders, in the release of hostages. However, it was noted that this engagement is driven not by altruism, but by a clear sense that commercial actors want to maintain their business relationships.

Figure 5: WFP food distribution in Doolow, Gedo Region, Somalia



Source: WFP, July 2011.

Although it is clear that the creation of a singular, comprehensive database on Somali contractors will assist in knowledge sharing within the UN system in Somalia, consideration of further integration and transformation is required in order to establish and maintain legitimacy across all humanitarian relationships with the commercial sector. For example, it was understood from the interviews conducted that under the current system a breach of contract is not transferable across different UN agencies. If a Somali business fails to meet standards of practice or security clearance in its dealings with one UN agency, it cannot be automatically suspended by any other UN agency with which it is simultaneously under contract. In addition, confidentiality clauses hinder complete disclosure of contractual technicalities and knowledge sharing both among UN agencies and with other humanitarian and development organisations.

The humanitarian sector requires a common set of performance standards and a reorganisation of procedures and practices to develop more predictable, consistent and coherent systems of engagement with commercial actors in Somalia. This is essential if the UN system is to be able to efficiently deliver humanitarian assistance in conflict and emergency contexts such as Somalia, and will also be vital in other UN programmes where the Risk Management Unit approach is being implemented, such as Iraq. The Risk Management Unit database also raises a further question as to whether, in the absence of strong, formal national governance structures, the responsibility for coordination and management of commercial-humanitarian engagement should rest with the UN system, or whether it needs to be more consensual and inclusive of the voices of commercial sector actors. This is particularly important if UN humanitarian agencies are to be perceived as independent and neutral actors in the context of the conflict in Somalia.

Even with coordination and knowledge-sharing across the humanitarian sector, the accountability of commercial enterprises is not always easy to establish in Somalia, while potential conflicts of interest can also be difficult to determine. Several respondents commented on the vague and unclear relationship that exists between Somali businesses and the militant *al-Shabaab* group. Even if no obvious lines of support are established between a Somali business and *al-Shabaab*, it is common knowledge that businesses operating in areas controlled by *al-Shabaab* are obligated to make *zakat* payments to the group. Strengthening and supporting the business community carries the indirect risk of assisting or funding the terrorist organisation and further fuelling the conflict. This raises challenging moral and ethical concerns over humanitarian engagement with the commercial sector in Somalia, as well as to agencies' adherence to the OECD-DAC 'do no harm' principle of good international engagement in fragile and conflict-affected situations.³³

Humanitarian agency representatives argue that the burden of responsibility for establishing clear lines of accountability rests with the Somali commercial sector. Respondents from the humanitarian sector called for Somali business forums and associations to develop common standards of business practice and demand robust national legislation and policies for meeting international standards of quality control and financial accounting. The development of such standards should be supported by the UNDP Private Sector Development Initiative outlined above. In addition, several confidence-building measures can also be taken by Somali businesses on an individual level, such as the opening up of employment records and purchase orders for further scrutiny, in order to provide transparency and safeguards for humanitarian agencies.

On their part, respondents from the Somali business community commented on the lack of support extended to them by the UN agencies operating in Somalia. These respondents expressed a sense of moral obligation towards promoting peace and stability in Somalia through the provision of goods and markets to residents in the country. But beyond contracting businesses for service delivery and implementation, they felt little effort was being made by UN agencies to structurally strengthen the commercial sector through commercial sector development initiatives. Respondents outlined how efforts at peace-building and reconstruction focused on developing political solutions rather than enabling economic growth and stability in the country.³⁴ In the absence of a fully functional government, the commercial sector in Somalia not only maintains functioning markets, it also provides everyday public services and long-term resilience to shocks such as the drought crisis. But many private providers of basic services do not produce a profit and are at a disadvantage because they are not considered eligible for support from the international community.³⁵ Therefore relative to its importance in sustaining everyday life in the country, the commercial sector feels neglected in the provision of training, capacity-building and expertise. Somali businesses,

it was claimed, are prepared to meet international standards of quality and control, but need investment and guidance from the donor agencies to improve financial and business processes. In response to concerns over accountability in the Somali commercial sector, one Somali businessman commented:

'UNDP is acting as the Somali government and all the money is channelled through them. Where is the accountability and transparency in their operations? Perhaps they should provide an explanation for their funding and expenditures to the Somali people before demanding it from us.'

(Commercial respondent)

In conclusion, commercial-humanitarian engagement in the famine crisis in Somalia in 2011 has continued a long-standing and mutually dependent relationship between the UN system and the Somali business community focused on the use of contractors to support the relief effort. Yet, as highlighted, recent modes of commercial-humanitarian engagement both within and outside Somalia, including the UNDP Private Sector Initiative and the meetings between UN and commercial actors in Dubai, present opportunities to harness the resilience of the commercial sector in supporting relief, recovery, peace and development within the country.³⁶

Preliminary findings: patterns and trends of engagement

Synthesising the findings from the Kenya and Somalia cases, it is possible to observe a number of patterns and trends in the commercial-humanitarian engagements that arose in response to the 2011 Horn of Africa crisis:

- **The commercial sector's potential to support humanitarian action in the future in the Horn of Africa is extensive. While both UN and other humanitarian actors have begun to support more systematic initiatives to identify and mobilise these capacities, these mechanisms are still emerging.**
In Kenya, there is an increasing recognition of the need to support more efficient and effective matching of resources and expertise between the commercial and humanitarian sectors and, to some extent, with government. The absence of similar mechanisms and the substantial difficulties in forging such a trilateral relationship in Somalia has had a significant influence on the scope and scale of commercial-humanitarian engagement. The recently created Risk Management Unit and mechanisms such as the Dubai group serve as promising examples of new types of mechanisms that can support a more systematic but also differentiated approach to commercial-humanitarian engagement. Future efforts to further shape and operationalise these mechanisms for humanitarian action need to be undertaken with the active collaboration of the Somali business community.
- **In the Horn of Africa, as elsewhere, both the commercial and humanitarian sectors are heterogeneous groups of actors. Following from this, there are observable differences in the type, scale and dynamics of commercial-humanitarian engagement at the international, national and local levels.**
Commercial sector actors differ significantly between the international and local levels, and thus the challenges and opportunities of engagement with multinationals in Kenya or local businesses in Somalia, for example, also differ significantly. Yet, at different levels, humanitarian organisations often limit their interaction to those commercial sector actors that they know and with whom they have already established relationships. Further, the cases of Kenya and Somalia confirm that multinational commercial actors prefer to engage in humanitarian action in response to disasters driven by natural-hazards, with commercial-humanitarian engagement in conflict-affected situations such as Somalia primarily involving national and local level commercial actors.
- **The interaction of varied types and sectors of commercial activity with humanitarian agencies opens up the possibility of a growing set of business skills being matched with humanitarian needs.**
Commercial sector engagement in humanitarian response

has traditionally been dominated by sectors such as logistics, transportation, engineering, pharmaceuticals and telecommunications. The K4K initiative, however, utilised the expertise and skills of auditing companies, media outlets, a public relations firm, supermarket chains, event management companies and hotel groups to provide pro bono support for all the activities of the initiative. For Somalia, the range of commercial sector groups operating within and outside the country ranges from smaller local traders to large firms operating internationally. Engaging a wider range of commercial actors in Somalia could potentially increase operational flexibility and give greater legitimacy to humanitarian and development interventions.

- **The politicisation of the relief operation in the Horn of Africa has tended to fragment the efforts of the commercial sector and can constrain commercial-humanitarian engagement.**
Despite the sense of growing commercial sector interest in becoming involved in the present humanitarian crisis, it is evident that many businesses – principally but not solely Kenyan-based companies – are sensitive to the political context and implications of such involvement. This is especially the case when dealing with government sensitivities over the declaration and management of national disasters. On the humanitarian side, there are also sensitivities associated with commercial sector engagement. In Somalia, these concerns are focused on potential unintended impacts of commercial-humanitarian engagement on conflict dynamics, for example, through the diversion of aid or the channelling of resources to *al-Shabaab* and other groups involved in the conflict. These matters are of particular sensitivity given the importance for humanitarian agencies operating in Somalia of upholding humanitarian principles, particularly neutrality, and not falling foul of the sanctions regime.
- **Transparency, accountability and publicity are important factors in mediating the relationship between commercial and humanitarian actors. Mechanisms for establishing responsibility and reducing reputational risk are necessary for effective collaboration.**
In the K4K campaign, clear lines of responsibility and an open process of publicity-sharing resulted in a relatively successful engagement between the commercial sector and the KRCS. Despite the end-to-end auditing process, problems with the Unimix food supplement demonstrate the long supply chain and the challenge of monitoring every aspect of collaborative engagement and responsibility, and thus the need for initiatives such as K4K to anticipate “what might go wrong”. In Somalia, efforts are underway, through the UNCT’s Risk Management Unit, to improve the transparency and accountability of commercial-humanitarian engagements, primarily in order to mitigate threats to reputational risk. However, these efforts will need to be participatory in their engagement of the Somali business community if they are to enjoy legitimacy and increase the effectiveness of future collaboration.

Pathways for future engagement

How can we do this better – now and in the future?

Overall, the trends and themes described in the last section highlight the immense potential for commercial actors to contribute to humanitarian action. The following suggestions offer actions that could be utilised as a starting point for engaging in improved collaboration in future humanitarian interventions.

Donors and the United Nations System

- **Create a more coherent body of knowledge on commercial capacity and engagement for contemporary humanitarian crises in the region**

The humanitarian sector needs a more robust and extensive approach to organising, capturing and sharing knowledge on the commercial sector's engagement in humanitarian action in the region. This could go a long way in further defining as well as differentiating the roles and modes of engagement with the commercial sector by type of actor and at different levels (i.e. local, national and international).

- **For Kenya, map national and regional intermediary mechanisms that facilitate commercial sector engagement in humanitarian action**

Intermediary mechanisms or “platforms” are increasingly being looked to by both humanitarian and commercial actors to help facilitate collaboration and reduce barriers to engagement. They can support problem-solving on humanitarian challenges, for example, ICT and logistics, matching supply to demand arising from needs in times of crisis that go beyond the capacity of any one organisation to address on its own. A more in-depth review of these mechanisms within the region could go a long way towards improving knowledge and understanding of how the resources and expertise of these entities and mechanisms are currently being utilised in the Horn, as well as how they could be tapped in the future to promote more timely, strategic and systematic engagement of the two sectors in times of crisis.

- **For Somalia, support emerging and new modes of engagement between commercial and humanitarian actors**

New modes of engagement between UN humanitarian agencies and the Somali business community such as the Dubai group meetings present an important point of departure from the ways the UN system has in the past engaged with the national and local commercial sector. Instead of simply relying on Somali businesses to serve as contractors to support humanitarian relief efforts, donors and the UN system should support participatory engagement between the commercial and humanitarian

sectors in order to mitigate any unintended impacts on the conflict arising from engagement and to harness the potential of the commercial sector in longer-term recovery and private sector development initiatives. This suggestion fits with the views of Somalis themselves who, in focus groups conducted for HFP's Somali Futures study supported by the UNDP – Somali Office, highlighted the importance of the Somali business community in the country's future development.

Commercial and humanitarian actors

- **Commercial and humanitarian actors working in one-to-one partnerships need to review how they can expand the timing of their joint engagement to go beyond response**

A more pre-emptive and longer-term approach to collaboration will allow humanitarian organisations and commercial partners to prepare for future crises now, rather than wait for crisis onset. Having a clear understanding of who is best suited to do what should be the basis for assigning roles and responsibilities and identifying the entry points for where the commercial sector can best engage in preparedness, response, recovery and risk reduction. The business case for the commercial sector to engage in preparedness, recovery or risk reduction also needs to be clear.

- **Undertake further research towards establishing common mechanisms for impact-monitoring and accountability**

The two cases in this scoping study highlight the importance of accountability and related challenges. While each of the contexts is distinctly different, the examples illustrate the need for humanitarian and commercial actors to find common ground that allows for accountability and performance expectations and requirements to be met in a way that is acceptable to both sides. Establishing accountability procedures is necessary for monitoring internal responsibilities and targets, as well as ensuring accountability to disaster-affected communities and managing the external impacts of joint activities on organisational reputation and public perception. The need to protect brand image, whether humanitarian or commercial, exists on both sides of the partnership. But it should be acknowledged that differences in business cultures and models do not translate easily across the two sectors, which can make common accountability practices difficult to achieve.

Annex 1 - List of interviewees

The following individuals provided assistance and information for the report:

Commercial Sector

Kenya

KPMG
Deloitte
Kenya Commercial Bank (KCB)
Safaricom
Equity Bank
Media Owner's Association (MOA)
Naukumatt

Dickson Lihanda
Bernadette Irungu
Pauline Ndonga
Sanda Ojiambo
Kilonzo Musau
Paul Murunga
Mr Mosomi

Somalia

Somalia Business Forum
Somali Institute of Management and Administration (SIMAD)
Somalia South-Central Non-State Actors (SOSCENSA)
Somaliland Non state Actor's Forum
Dahabshiil

Abdi Dahir Dirie
Dahir Hasan
Abdul Kadir Kadle
Hasan Bulbul
Abdi Ali

Humanitarian sector

Kenya

Kenya Red Cross (KRC)
UNICEF (Kenya)
World Food Programme (WFP) (East Africa)
RedR (Kenya Regional Office)
Technoserve

Rosemary Mutunke
Nazim Mitha
Jordi Renart i vila
Gordon Denoon
Wanjiku Kimau

Somalia

UN Country Team (UNCT)
United Nations Development Programme (UNDP) - Somalia
World Food Programme (East Africa)
RedR (Kenya Regional Office)
International Labour Organisation (ILO)
Saferworld
Practical Action
SAACID
Daryeel Association

Mark Bowden
Matthew Leslie
Jordi Renart i vila
Gordon Denoon
Paul Crook; Robert Bowen
Hannah Stogdon
Simon Hills
Toby Burns
Abdi Jama Ghamdi

Annex 2 - Supplemental resources

Darcy, J., Kent, R., Burke, J. and Martin E., *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers*, Discussion Paper (Humanitarian Futures Programme, King's College, London and Overseas Development Institute, London, December 2010).

Hammond, L., Awad, M., Ibrahim Dagane, A., Hansen, P., Horst, C., Menkhaus, K., Obare, L., Cash and Compassion: *The Role of the Somali Diaspora in Relief, Development and Peace-building*, Volume 1, (UNDP, December 2011).

Kent, R. and Burke, J., *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers* (Humanitarian Futures Programme, King's College, London, June 2011).

Oxfam and Save the Children, *A Dangerous Delay: The Cost of Late Response to Early Warnings in the 2011 Drought in the Horn of Africa* (Oxfam International and Save the Children UK, London, January 2012).

Somali Futures: An Exploration (Humanitarian Futures Programme, King's College, London, May 2011).

White, Stacey and Lang, Hardin, *Corporate Engagement in Natural Disaster Response: Piecing Together the Value Chain* (Centre for Strategic & International Studies, Washington D.C., January 2012).

Notes

¹Commercial sector is used in this report to reflect a wide spectrum of actors also referred to as private companies, or "corporates", including multinational corporations, national and local companies, small enterprises and business run by diaspora communities. The defining characteristic of a commercial actor is that their principal rationale is to make a profit.

²White, Stacey and Lang, Hardin, *Corporate Engagement in Natural Disaster Response: Piecing Together the Value Chain* (Centre for Strategic & International Studies, Washington D.C., January 2012).

³Horn of Africa: Humanitarian Snapshot' (UN OCHA, September 2011).

⁴Ibid.

⁵Ibid.

⁶Oxfam and Save the Children, *A Dangerous Delay: The Cost of Late Response to Early Warnings in the 2011 Drought in the Horn of Africa* (Oxfam International and Save the Children UK, London, January 2012).

⁷See, for example, Levine, Simon, 'Here we go again: Famine in the Horn of Africa' (Overseas Development Institute, London, July 2011) and Kent, Randolph, 'Famine in the Horn of Africa: Never again?', *New Scientist*, Issue 2869 (London, September 2011).

⁸*Humanitarian Emergency Response Review* (London, March 2011); *Somali Futures: An Exploration* (Humanitarian Futures Programme, King's College, London, May 2011).

⁹Darcy, J., Kent, R., Burke, J. and Martin E., *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers*, Adapted from Discussion Paper (Humanitarian Futures Programme, King's College, London and Overseas Development Institute, London, December 2010).

¹⁰Interview with respondent from KPMG conducted for Kent, R. and Burke, J., *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers* (Humanitarian Futures Programme, King's College, London, June 2011).

¹¹Presentation by Les Baillie, Chairman, Safaricom Foundation at RedR / Humanitarian Futures Programme Conference, 'Hard realities and future necessities: the role of the private sector in humanitarian efforts', 3 December 2009.

¹²Ibid.

¹³Stoianova, V., *Private Funding: An Emerging Trend in Humanitarian Donorship* (Global Humanitarian Assistance, Wells, April 2012).

¹⁴Business Aid in Response to the Horn of Africa Famine' (BCLC, 2011).

¹⁵About 14% of Somalis have gone abroad and many of those in the diaspora provide regular financial support in the form of remittances, to their family in Somalia and Somaliland', *Somali Futures: An Exploration* (Humanitarian Futures Programme, King's College, London, May 2011), p. 17.

¹⁶According to BCLC data, BASF donated 75,000 bed nets to the United Nations Foundation's Nothing but Nets campaign and Kulula.com donated 10.5 tons of food and water to Mogadishu in a cargo plane in partnership with interactive America.

¹⁷In a number of places in this report, Somaliland is referred to separately from Somalia, this is to reflect the very different political, security and humanitarian/development context in Somaliland and not the international legal status of Somaliland as an independent state. The authors do not take a position on that issue in this report.

¹⁸Polastro, R., Khalif, M., Eyben, M., Posada, S., Salah, A., Steen, N., and Toft, E., *IASC Evaluation of the Humanitarian Response in South Central Somalia 2005-2010* (DARA, Madrid, 2011).

¹⁹Kent, R. and Burke, J., *Commercial and Humanitarian Engagement in Crisis Contexts: Current Trends, Future Drivers* (Humanitarian Futures Programme, King's College, London, June 2011).

²⁰'Somali oil exploration: Drilling begins in Puntland' (BBC News Africa, 1 January 2012); 'Will the world help or hinder Somalia?', (BBC News Africa, 23 February 2012); Tran, Mark, 'Somaliland: open for business', Poverty Matters Blog (*the Guardian*, 1 March 2012).

²¹Hammond, L., Awad, M., Ibrahim Dagane, A., Hansen, P., Horst, C., Menkhaus, K., Obare, L. (2011) *Cash and Compassion: The Role of the Somali Diaspora in Relief, Development and Peace-building*, Volume 1, (UNDP, December 2011).

²²Ibid.

²³UN OCHA Consolidated Appeals Process (CAP): Humanitarian Appeal 2010 for Somalia.

²⁴Hammond, L., Awad, M., Ibrahim Dagane, A., Hansen, P., Horst, C., Menkhaus, K., Obare, L., *Cash and Compassion: The Role of the Somali Diaspora in Relief, Development and Peace-building*, Volume 1, (UNDP, December 2011).

²⁵Ibid.

²⁶Polastro, R., Khalif, M., Eyben, M., Posada, S., Salah, A., Steen, N., and Toft, E., *IASC Evaluation of the Humanitarian Response in South Central Somalia 2005-2010* (DARA, Madrid, 2011).

²⁷Bryden, M., Roothoof, J., Schbley, G., and Taiwo, B., 'Report of the Monitoring Group on Somalia and Eritrea pursuant to Security Council resolution 1916 (2010)', S/2011/433 (July 2011).

²⁸London Conference on Somalia: Communique, 'Full text of the Communique from the London Conference on Somalia at Lancaster House on 23 February'. Available at <http://www.fco.gov.uk/en/news/latest-news/?id=727627582&view=PressS>

²⁹Cassanelli, L., 'Private Sector Peacemaking: Business and Reconstruction in Somalia', *Accord*, Issue 21 (2010).

³⁰For more information on how humanitarian agencies, including both UN agencies and international NGOs, have been affected by the sanctions regime in Somalia see Pantuliano, Sara, Mackintosh, Kate, Elhawary, Samir, and Metcalfe, Victoria, *Counter-terrorism and humanitarian action Tensions, impact and ways forward* (Humanitarian Policy Group, Overseas Development Institute, London, October 2011).

³¹Pantuliano and Metcalfe, 'Neutrality undermined: the impact of counter-terrorism legislation on humanitarian action in Somalia', *Humanitarian Exchange*, Number 53, Humanitarian Practice Network (Overseas Development Institute, London, February 2012).

³²Ibid.

³³*Principles for Good International Engagement in Fragile States and Situations* (OECD-DAC, April 2007).

³⁴See also Cassanelli, L., 'Private Sector Peacemaking: Business and Reconstruction in Somalia', *Accord*, Issue 21 (2010).

³⁵Hammond, L., Awad, M., Ibrahim Dagane, A., Hansen, P., Horst, C., Menkhaus, K., Obare, L., *Cash and Compassion: The Role of the Somali Diaspora in Relief, Development and Peace-building*, Volume 1, (UNDP, December 2011).

³⁶In relation to this finding, the 2011 IASC evaluation recommends that, 'the humanitarian forum and cluster leads should place more emphasis on local markets and existing capacities through the participation and the involvement of the private sector and diaspora when engaging in activities promoting sustainable livelihood schemes.' Polastro, R., Khalif, M., Eyben, M., Posada, S., Salah, A., Steen, N., and Toft, E., *IASC Evaluation of the Humanitarian Response in South Central Somalia 2005-2010* (DARA, Madrid, 2011), p. 63.

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